

**SOUTH CAROLINA
COMMISSION ON INDIGENT DEFENSE**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2018



Independent Accountant's Report on Applying Agreed-Upon Procedures

May 31, 2019

Mr. J. Hugh Ryan, III, Executive Director
South Carolina Commission on Indigent Defense
1330 Lady Street, Suite 401
Columbia, South Carolina 29201

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Commission on Indigent Defense (the Commission), on the systems, processes and behaviors related to financial activity of the Commission for the fiscal year ended June 30, 2018. The Commission's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Commission. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Commission has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

This report is intended solely for the information and use of management of the Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor

Agreed Upon Procedures Related to South Carolina Commission on Indigent Defense (E23)

Cash Receipts/Revenues

1. Haphazardly select ten cash receipts transactions and inspect supporting documentation to:
 - Agree transaction amount, date, payor, document number, and account classification to the general ledger.
 - Determine that revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the Appropriation Act.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
 - Determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain from management an understanding of variations for the following general ledger accounts: General Fund: Attorney Fees – Guardian Ad Litem, and Non-IT & Non-Real Estate Other Professional Services; Earmarked Fund: Temporary Services; Restricted Fund: Attorney Fees – Defense of Indigents, Building Renovations, and Aid to Counties – Defense Indigents.
3. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by agency procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by agency procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the agency.
 - The transaction is properly classified in the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
 - Determine that disbursements are recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.

For federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

- Charges are necessary and reasonable for the proper administration of the program, incurred during the approved grant period, given consistent accounting treatment and applied uniformly to both federally assisted and other activities of the recipient.

Cash Disbursements/Non-Payroll Expenditures (Continued)

4. Haphazardly select six purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for Fiscal Year 2018 and inspect supporting documentation to determine:
 - a. The cardholder is an authorized user.
 - b. The purchase is authorized based on the cardholder's job title/position.
 - c. The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
 - d. The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

Payroll

5. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Obtain an explanation of variations greater than 10%.
6. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes greater than 10%.
7. Haphazardly select nine employees and inspect supporting documentation during the fiscal year to:

For Salaried Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the agency.
- Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.

For Hourly Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the agency.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

8. Haphazardly select two bonus pay disbursements to determine:
 - Employee does not make more than \$100,000 annually.
 - Bonuses received during the year did not exceed \$3,000.
 - Payment agreed to supporting documentation.
 - Bonus pay was approved by the appropriate supervisor.

We found no exceptions as a result of the procedures.

Reporting Packages

9. Obtain copies of fiscal year end reporting packages submitted to the CG. Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
10. In addition to the procedure above, perform the following:
 - Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the South Carolina Enterprise Information System (SCEIS) general ledger and/or Commission prepared records. In addition, haphazardly select five payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated, reported, and excluded from the original Accounts Payable Reporting Package submission.

Finding

During our inspection of reporting packages, we observed that the master reporting checklist was submitted after the Comptroller General's stated due date for the package.

Management's Response

The preparation of the Master Reporting Checklist for the year-end reporting requirements for FY18 had been completed prior to the submission date of Friday, July 5, 2018, but due to the SSCID's Comptroller being on annual leave that week, the submission document had not been signed and dated as required by the Comptroller General's Office for submission. Once SSCID's Comptroller returned, the document was signed and submitted to the Comptroller General's Office on Monday, July 8, 2018. The SCCID will review the reporting submission process to ensure that all required reports will be completed, signed and submitted on or before the required submission date.

Minutes

11. Inspect the agency's approved minutes beginning with the end date of prior year fieldwork through the end of our fieldwork for matters related to our engagement.

We found no other matters related to our agreed-upon procedures.

Governance, Risk and Compliance (GRC) SCEIS Module

12. Select all five controls identified through the SCEIS GRC system that were in place during fiscal year 2018 and inspect mitigating control documentation. Confirm with management the controls are operating as designed.

We found no exceptions as a result of the procedure.

Appropriation Act

13. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.
14. Confirm compliance with the selected agreed-upon agency-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.

Litigation/Attorney Payments

15. Haphazardly select ten transactions coded to the legal services general ledger account from the Yearend Reporting – Litigation Expense Report to inspect for proper account coding and that the transactions did not relate to attorney payments.
16. Haphazardly select two transactions coded to the attorney fees general ledger account from the Yearend Reporting – Litigation Expense Report and determine if the Commission obtained proper approval from the South Carolina Attorney General's Office before engaging the law firm on a fee basis, and that amounts, and service date ranges were charged within approved limits.

We found no exceptions as a result of the procedures.

Status of Prior Findings

17. Through inquiry and inspection, determine if the agency has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the Commission has taken adequate corrective action on the findings reported during the engagement for the prior fiscal year, except for the late submission of the master reporting checklist finding above.